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SENSITIVE  
SIPDIS

STATE FOR EEB/IFD/OMA, EEB/EPPD, AND NEA/MAG  
STATE PASS USTR (BURKHEAD)  
USDOC FOR ITA/MAC/ONE (MASON), ADVOCACY CTR (TABINE), AND  
CLDP (TEJTEL AND MCMANUS)  
USDOC PASS USPTO (ADAMS, BROWN AND MARSHALL)  
CASABLANCA FOR FCS (KITSON)

E.O. 12958: N/A  
TAGS: [ETRD](#) [EAIR](#) [EINV](#) [ECON](#) [EIPR](#) [TS](#)  
SUBJECT: TUNISIA WANTS TO REVIVE TIFA TALKS, GIVES MIXED  
SIGNALS ON OPEN SKIES

REF: TUNIS 783

Sensitive but unclassified, please treat accordingly.

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Summary  
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¶1. (SBU) After Minister of Development and International Cooperation (MDIC) Jouini expressed interest in reviving the Trade Investment Framework Agreement (TIFA) process (stalled since March 2008,) Tunisia Country Officer Molly Hayes and Emboffs met with the Americas Desk representatives of the MDIC and MFA on November 10. Although the meeting was billed as "unofficial," the MDIC representative delved into specifics of the agreement and even suggested a January 2010 meeting between relevant GOT ministries and the Embassy. When asked about Open Skies, our GOT interlocutors said it would happen, reiterated their wish for a direct flight to the United States, but provided no specifics. Meanwhile, Tunisair's website is announcing direct flights by 2013. End summary.

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Re-engaging on TIFA  
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¶2. (SBU) Following the suggestion of Minister of Development and International Cooperation (MDIC) Jouini to the Ambassador on October 19 (reftel), MDIC and MFA representatives met with visiting country officer Hayes and Emboffs to discuss reviving the Trade Investment Framework Agreement (TIFA) process. The meeting, described by the MDIC as "unofficial," was an opportunity to review progress on the TIFA process since the last working group met in March 2008. (Note: The GOT stopped engaging on TIFA after the March 2008 visit by then-AUSTR Donnelly. In an August 2009 meeting with a congressional delegation led by Representative Meeks, Jouini claimed the inaction was due to U.S. trade policy changes and the expiration of Trade Promotion Authority in U.S. Congress. End note.)

¶3. (SBU) Emboffs met with Ikbek Fekkih Ahmed, who covers the Americas portfolio at the MDIC (she is new to the portfolio). Mourad Bel Hassen, Deputy Director of the MFA Americas Desk, was also in attendance. Ahmed was well-organized, pragmatic, and forward-leaning in discussing the working group's objectives and Government of Tunisia (GOT) reforms since then. Ahmed began by outlining both President Ben Ali's campaign plan and the 2007-2011 National Development Plan --

described as complementary plans with the same overall goals.

She stated some 2011 targets, such as a seven percent growth rate, a rise in GDP per capita to 5763 TND (\$4486,) up from 4064 TND, (\$3163 currently), a two percent increase in foreign direct investment (to 25 percent of GDP, versus 23 percent currently), a reduction of the unemployment rate to 13.4 percent (down from 14.3 percent currently) and reinforcement of export promotion and human resources development policies. TIFA, Ahmed said, would be part of this plan.

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Investment, Services, Market Access, and IPR  
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14. (SBU) The TIFA discussion centered on the four main areas covered by the last working group: investment, services, market access, and intellectual property rights (IPR). On investment, Ahmed said foreign direct investment (FDI) had grown in the last years thanks to Tunisia's reforms and policies, specifically taxation laws. She also raised concerns about Tunisian investors facing obstacles in obtaining residency permits in the United States. She also said she was aware of the issues facing major U.S. investors in Tunisia, such as the restriction on the number of expatriate employees per company. She said the GOT was willing to look at this on a case by case basis.

15. (SBU) Ahmed noted many of the reforms Tunisia is undertaking as part of the EU Association Agreement and ongoing negotiations on services and agriculture are in line with TIFA working group issues. (Note: Ahmed said a Tunisian delegation was currently in Brussels for the next EU

negotiating round. End note.) Market access reform, she said, had already taken place in key sectors such as financial services, insurance and telecom. Ahmed asked for further information on services legislation in the United States and information on U.S. policy regarding rules of origin, customs procedures, Food and Drug Administration regulations for imports, and sector specific policies (textiles, shoes, leather good, agriculture and fisheries).

16. (SBU) On IPR, Ahmed did not delve into specifics on the Tunisian position and admitted she did not have detailed knowledge of new legislation in this field. She did, however, note that she wanted information on patent legislation in the United States and was interested in knowing the U.S. position on geographical indicators, an issue important to the Tunisian government.

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Nothing new on Open Skies  
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17. (SBU) Emboffs asked the MDIC and MFA reps about the status of an Open Skies Agreement. Bel Hassen said "it is going to happen" but that it is a question of timing. He asked if there had been any interest by U.S. airlines in a direct flight, saying this would be a key deliverable for the GOT. He noted Tunisair had purchased new planes that could be used for this route. On the sidelines, he also urged Emboffs to send the model Open Skies text directly to the MDIC and as many other ministries as possible in order to get a response from the GOT. Meanwhile, Tunisair (the state-owned airline) announced via press release on their website that direct flights were planned for 2013.

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Next Steps: GOT Interagency Group  
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18. (SBU) To the surprise of Emboffs, it was Ahmed herself that suggested a January meeting between representatives of relevant GOT ministries and the Embassy to move forward on TIFA. She suggested Ministry of Health, Commerce, Culture, Finance, and Foreign Affairs, among others. She noted the group could meet periodically in preparation for another

official TIFA Working Group meeting down the line.

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Comment  
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19. (SBU) The MDIC's enthusiasm about reviving the TIFA process seems genuine, especially given that it recommended a follow-up meeting with wider GOT participation. Some GOT reforms in the last 18 months, such as telecom liberalization (the GOT awarded a third telecom tender) and the new franchising law (whose implementation decree is still pending) are positive steps toward achieving the working group's goals. The Embassy is looking forward to engaging with the GOT on this issue, and will provide the MDIC with requested information. On Open Skies, the ball is still in Tunisia's court, and we remain in standby mode awaiting a response to our draft text. End comment.  
GRAY